ZAO Raiffeisenbank

International Financial Reporting Standards
Consolidated Condensed Interim
Financial Information and
Review Report of Independent Auditor

31 March 2011

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Review Report of Independent Auditor

To the Shareholders and Managing Board of ZAO Raiffeisenbank:

Introduction

1 We have reviewed the accompanying consolidated condensed interim statement of financial position of ZAO Raiffeisenbank and its subsidiaries (the "Group") as of 31 March 2011 and the related consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows for the three months period then ended and related explanatory notes. Management is responsible for the preparation and fair presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review

2 We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3 Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

ZAO PricewaterhouseCoopers Audit

3 May 2011
Moscow, Russian Federation

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ZAO Raiffeisenbank
Consolidated Condensed Interim Statement of Financial Position

In thousands of Russian Roubles	Note	31 March 2011 (Unaudited)	31 December 2010
ASSETS			
Cash and cash equivalents	7	114 537 688	84 278 857
Mandatory cash balances with the Central Bank of the Russian Federation		3 263 185	2 698 403
Trading securities	8	53 347 755	53 613 606
Other securities at fair value through profit or loss	9	3 568 599	18 405 098
Due from other banks	12	8 863 759	21 724 713
Loans and advances to customers	13	285 692 371	283 563 919
Investment securities available for sale		11 325 067	11 086 572
Premises and equipment		8 971 242	9 097 449
Intangible assets		11 878 854	11 777 347
Deferred income tax asset		2 405 690	2 248 290
Investment securities held to maturity		494 034	512 148
Derivatives and other financial assets	14	7 349 045	6 337 166
Investment in associate		1 069 591	1 058 323
Other assets		1 573 371	1 902 811
TOTAL ASSETS		**514 340 251**	**508 304 702**
LIABILITIES			
Due to other banks	15	5 903 225	20 535 226
Customer accounts	16	307 996 594	286 744 158
Term borrowings from the Parent Bank		77 019 455	81 169 487
Term borrowings from other financial institutions		4 644 156	5 658 905
Debt securities in issue		15 709 086	16 196 249
Current income tax liability		1 100 427	500 840
Derivatives and other financial liabilities	17	8 216 555	7 591 746
Other liabilities		4 398 373	3 999 773
TOTAL LIABILITIES		**424 987 871**	**422 396 384**
EQUITY			
Share capital		43 268 888	43 268 888
Share premium		591 083	591 083
Additional paid-in capital		1 520 016	1 520 016
Retained earnings and other reserves		43 972 393	40 528 331
TOTAL EQUITY		**89 352 380**	**85 908 318**
TOTAL LIABILITIES AND EQUITY		**514 340 251**	**508 304 702**

Approved for issue and signed on behalf of the Managing Board on 3 May 2011.

ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО «РАЙФФАЙЗЕНБАНК» г. Р. № 3292 МОСКВА

Pavel Gurin
Chairman of the Board

Arndt Roechling
Chief Financial Officer

In thousands of Russian Roubles	Note	Three-Month Period Ended 31 March 2011 (Unaudited)	Three-Month Period Ended 31 March 2010 (Unaudited)
Interest income	18	8 534 698	7 835 720
Interest expense	18	(2 624 906)	(2 685 023)
Net interest income		**5 909 792**	**5 150 697**
Release/ (charge) of provision for loan impairment	13	387 810	(824 001)
Net interest income after provision for loan impairment		**6 297 602**	**4 326 696**
Fee and commission income	19	2 237 129	2 009 261
Fee and commission expense	19	(548 512)	(327 707)
Gains less losses from trading securities		17 562	1 008 385
Gains less losses from other securities at fair value through profit or loss		180 832	19 706
Gains less losses from trading in foreign currencies		751 974	765 129
Unrealized gains less losses/(losses, net of gains) from derivative financial instruments		207 641	(1 601 042)
Realized gains, net of losses from derivative financial instruments		361 538	750 220
Foreign exchange translation (losses, net of gains)/ gains less losses		(654 886)	291 758
Ineffectiveness from the hedge accounting		37 041	(78 117)
Release/(charge) of provisions for credit related commitments		34 144	(216 193)
Provision for investment securities held to maturity		(5 237)	-
Gains from the sale of loans		163 404	26 602
Other operating income		77 704	29 851
Share of profit of associate		11 268	9 826
Operating income		**9 169 204**	**7 014 375**
Administrative and other operating expenses	20	(4 724 361)	(4 131 078)
Profit before tax		**4 444 843**	**2 883 297**
Income tax expense		(1 058 149)	(701 872)
Profit for the period		**3 386 694**	**2 181 425**
Revaluation of investment securities available for sale		(94 382)	6 089
Valuation reserve due to cash flow hedge		166 092	130 341
Income tax expense		(14 342)	(27 286)
Other comprehensive income for the period, net of tax		**57 368**	**109 144**
Total comprehensive income for the period, net of tax		**3 444 062**	**2 290 569**

In thousands of Russian Roubles	Share capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Total
Balance at 1 January 2010	**43 268 888**	**591 083**	**1 520 016**	**34 258 706**	**(532 685)**	**79 106 008**
Profit for the period	-	-	-	2 181 425	-	2 181 425
Other comprehensive income recognized for the period	-	-	-	-	109 144	109 144
Balance at 31 March 2010	**43 268 888**	**591 083**	**1 520 016**	**36 440 131**	**(423 541)**	**81 396 577**
Balance at 1 January 2011	**43 268 888**	**591 083**	**1 520 016**	**40 348 137**	**180 194**	**85 908 318**
Profit for the period	-	-	-	3 386 694	-	3 386 694
Other comprehensive income recognized for the period	-	-	-	-	57 368	57 368
Balance at 31 March 2011	**43 268 888**	**591 083**	**1 520 016**	**43 734 831**	**237 562**	**89 352 380**

In thousands of Russian Roubles	Note	Three-Month Period Ended 31 March 2011 (Unaudited)	Three-Month Period Ended 31 March 2010 (Unaudited)
Net cash from operating activities		**33 188 433**	**(2 411 716)**
Cash flows from investing activities			
Acquisition of premises and equipment and intangible assets		(504 758)	(50 173)
Net cash used in investing activities		**(504 758)**	**(50 173)**
Cash flows from financing activities			
Repayment of term borrowings from the Parent Bank and other financial institutions		(504 149)	(1 516 385)
Interest paid on term borrowings from the Parent Bank and other financial institutions		(323 359)	(465 254)
Net cash used in financing activities		**(827 508)**	**(1 981 639)**
Change in accrued interest on cash and cash equivalents		(9 638)	24 816
Effect of exchange rate changes on cash and cash equivalents		(1 587 698)	(6 246 619)
Net (decrease)/increase in cash and cash equivalents		**30 258 831**	**(10 665 331)**
Cash and cash equivalents at the beginning of the period		84 278 857	145 233 969
Cash and cash equivalents at the end of the period	**7**	**114 537 688**	**134 568 638**

1 Introduction

This consolidated condensed interim financial information has been prepared in accordance with International Financial Reporting Standards for the three months period ended 31 March 2011 for ZAO Raiffeisenbank (hereinafter – the “Bank”) and its subsidiaries (together referred to as the “Group”).

The Bank was incorporated and is domiciled in the Russian Federation. The Bank is a closed joint stock company limited by shares and was set up in accordance with Russian regulations. The Bank is owned by Raiffeisen Bank International AG and Raiffeisen-Invest-Gesellschaft m.b.h., subsidiaries of Raiffeisen Zentralbank Osterreich AG (the “Parent Bank”), which is the ultimate controlling parent of the Group.

Principal activity. The Bank has operated under a full banking license issued by the Central Bank of the Russian Federation (“CBRF”) since 1996. The Bank operates in all banking sectors of the Russian financial markets, including money market, investments, corporate and retail banking, and provides a complete range of banking services to its clients. In addition, the Group, through operations of its subsidiaries and associates, is also involved in asset management, pension and leasing businesses. On 2 February 2005 the Bank was accepted to the State deposit insurance scheme, introduced by the Federal law №177-FZ “Deposits of individuals insurance in Russian Federation” dated 23 December 2003. The State Deposit Insurance Agency guarantees repayment of 100% of individual deposits up to RR 700 thousand per individual in case of the withdrawal of a licence of a bank or a CBRF imposed moratorium on payments.

As at 31 March 2011 the Group had 19 branches within the Russian Federation and 174 outlets (31 December 2010: 22 branches and 173 outlets). During 2010 the Bank reorganised regional branches, which had a separate statements of financial position, into outlets following the process of harmonisation of the regional network.

The number of the Group’s employees as at 31 March 2011 was 8 531 (31 December 2010: 8 508).

Registered address and place of business. The Bank’s registered address is: 17/1 Troitskaya Str., 129090 Moscow, Russian Federation. The Bank’s main place of business is: 15A Leninsky prospect, 119071 Moscow, Russian Federation.

Presentation currency. This consolidated condensed interim financial information is presented in Russian Roubles (“RR”), unless otherwise stated.

2 Operating Environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and high interest rates.

The recent global financial crisis has had a severe effect on the Russian economy and the financial situation in the Russian financial and corporate sectors significantly deteriorated since mid-2008. In 2010, the Russian economy experienced a moderate recovery of economic growth. The recovery was accompanied by a gradual increase of household incomes, lower refinancing rates, stabilisation of the exchange rate of the Russian Rouble against major foreign currencies, and increased money market liquidity levels.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes (Note 23). The need for further developments in the bankruptcy laws, formalised procedures for the registration and enforcement of collateral, and other legal and fiscal impediments continue to contribute to the challenges faced by banks operating in the Russian Federation.

The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

Management determined loan impairment provisions by considering the economic situation and outlook at the end of the reporting period and applied the ‘incurred loss’ model required by the applicable accounting standards. These standards require recognition of impairment losses that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are. Refer to Note 4.

2 Operating Environment of the Group (Continued)

Management is unable to predict all developments which could have an impact on the banking sector and wider economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it is taking all the necessary measures to support the sustainability and development of the Group's business.

3 Summary of Significant Accounting Policies

Basis of preparation. This consolidated condensed interim financial information has been prepared in accordance with IAS 34. This consolidated condensed interim financial information should be read in conjunction with the annual IFRS consolidated financial statements of the Group for the year ended 31 December 2010.

Except as described below, the accounting policies and methods of computation applied in the preparation of this consolidated condensed interim financial information are consistent with the accounting policies and methods applied in the annual consolidated financial statements of the Group for the year ended 31 December 2010. Certain new standards, interpretations and amendments to the existing standards, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2010, became effective for the Group from 1 January 2011. They have not significantly affected this consolidated condensed interim financial information of the Group. Refer to Note 5.

This consolidated condensed interim financial information does not contain all the explanatory notes as required for a full set of financial statements, including certain disclosures introduced by IFRS 7, *Financial Instruments: Disclosures.*

***Interim period measurement*.** Interim period income tax expense is accrued using the effective tax rate that would be applied to expected total annual earnings, i.e. the estimated weighted average annual effective income tax rate is applied to the pre-tax income of the interim period.

Changes in presentation. The reclassification in amount of RR 105 679 thousand was done from "Interest income" to "Fee and commission income" for three-month period ended 31 March 2010. This reclassification reflected the nature of fees collected.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment losses on loans and advances to customers. The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the year, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4 Critical Accounting Estimates, and Judgments in Applying Accounting Policies (Continued)

A 10% increase or decrease in actual loss experience compared to the loss estimates used would result in an increase or decrease in loan impairment losses of RR 826 325 thousand (2010: RR 845 608 thousand), respectively. Impairment losses for individually significant loans are based on estimates of discounted future cash flows of the individual loans, taking into account repayments and realisation of any assets held as collateral against the loans. A 10% increase or decrease in the actual compared to the estimated future discounted cash flows from individually significant loans, which could arise from differences in amounts and timing of the cash flows, would result in an increase or decrease in loan impairment losses of RR 419 640 thousand (2010: RR 452 205 thousand), respectively.

Fair value of derivatives. The fair values of financial derivatives that are not quoted in active markets are determined by using valuation techniques. Valuation of financial derivatives is applied to single currency interest rate swap transactions, cross currency interest swap transactions and foreign exchange forward contracts. The fair value of these transactions is determined as the difference between the present value of fixed receivable and the present value of floating obligation or vice versa. The present value of floating obligation is determined using discount factors derived from the zero coupon curve. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require Management to make estimates. Changes in assumptions about these factors could affect reported fair values. Any over or under estimation of these future cash flows could require a material adjustment to the carrying value of these derivatives.

Special purpose entities. Judgement is also required to determine whether the substance of the relationship between the Group and a special purpose entity (SPE) indicates that the special purpose entity is controlled by the Group. In assessing ability of the Group to control the special purpose entities, Management takes into consideration the following factors presented in SIC 12 “Consolidation – special purpose entities”:

(i) SPE activities are being conducted on behalf of the Bank as it was set up to satisfy specific business needs of the Group (issue of asset-backed securities);

(ii) Rewards taken by SPE are transferred to the Bank in the form of dividends on a preference share held by the Bank; and

(iii) Risks including credit risk are assumed by the Bank through the purchase of Subordinated notes.

Non-consolidation of the special purpose entity would decrease the Group's total assets by RR 2 260 539 thousand as at 31 March 2011 (31 December 2010: RR 2 948 261 thousand). The impact on the consolidated profit after tax would be a decrease by RR 122 285 thousand for three-month period ended 31 March 2011 (for three-month period ended 31 March 2010: a decrease by RR 8 702 thousand).

5 Adoption of New or Revised Standards and Interpretations

Certain new standards and interpretations became effective for the Group from 1 January 2011:

Classification of Rights Issues – Amendment to IAS 32 (issued on 8 October 2009; effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. The amendment did not have impact on this consolidated condensed interim financial information.

Amendment to IAS 24, Related Party Disclosures (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies; and by (b) providing a partial exemption from the disclosure requirements for government-related entities. The amendment did not have impact on this consolidated condensed interim financial information.

5 Adoption of New or Revised Standards and Interpretations (Continued)

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in profit or loss based on the fair value of the equity instruments compared to the carrying amount of the debt. IFRIC 19 did not have impact on this consolidated condensed interim financial information.

Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011). This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement. IFRIC 14 did not have impact on this consolidated condensed interim financial information.

Limited exemption from comparative IFRS 7 disclosures for first-time adopters – Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010). Existing IFRS preparers were granted relief from presenting comparative information for the new disclosures required by the March 2009 amendments to IFRS 7, Financial Instruments: Disclosures. This amendment to IFRS 1 provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7. The amendment did not have impact on this consolidated condensed interim financial information.

Improvements to International Financial Reporting Standards (issued in May 2010 and effective from 1 January 2011). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: IFRS 1 was amended (i) to allow previous GAAP carrying value to be used as deemed cost of an item of property, plant and equipment or an intangible asset if that item was used in operations subject to rate regulation, (ii) to allow an event driven revaluation to be used as deemed cost of property, plant and equipment even if the revaluation occurs during a period covered by the first IFRS financial statements and (iii) to require a first-time adopter to explain changes in accounting policies or in the IFRS 1 exemptions between its first IFRS interim report and its first IFRS financial statements; IFRS 3 was amended (i) to require measurement at fair value (unless another measurement basis is required by other IFRS standards) of non-controlling interest that are not present ownership interest or do not entitle the holder to a proportionate share of net assets in the event of liquidation, (ii) to provide guidance on acquiree's share-based payment arrangements that were not replaced or were voluntarily replaced as a result of a business combination and (iii) to clarify that the contingent considerations from business combinations that occurred before the effective date of revised IFRS 3 (issued in January 2008) will be accounted for in accordance with the guidance in the previous version of IFRS 3; IFRS 7 was amended to clarify certain disclosure requirements, in particular (i) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks, (ii) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired, (iii) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect, and (iv) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date and not the amount obtained during the reporting period; IAS 1 was amended to clarify the requirements for the presentation and content of the statement of changes in equity; IAS 27 was amended by clarifying the transition rules for amendments to IAS 21, 28 and 31 made by the revised IAS 27 (as amended in January 2008); IAS 34 was amended to add additional examples of significant events and transactions requiring disclosure in a condensed interim financial report, including transfers between the levels of fair value hierarchy, changes in classification of financial assets or changes in business or economic environment that affect the fair values of the entity's financial instruments; and IFRIC 13 was amended to clarify measurement of fair value of award credits. The amendment did not have material impact on this consolidated condensed interim financial information.

Unless otherwise described above, the new standards and interpretations did not significantly affect the Group's financial reporting.

6 New Accounting Pronouncements

Since the Group published its last annual financial statements, certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2010 or later periods and which the Group has not early adopted:

IFRS 9, Financial Instruments Part 1: Classification and Measurement. IFRS 9 issued in November 2009 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 to address the classification and measurement of financial liabilities. Key features of the standard are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.

- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated as at fair value through profit or loss in other comprehensive income.

While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

Disclosures – Transfers of Financial Assets – Amendments to IFRS 7 (issued in October 2010 and effective for annual periods beginning on or after 1 July 2011). The amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. Where financial assets have been derecognised but the entity is still exposed to certain risks and rewards associated with the transferred asset, additional disclosure is required to enable the effects of those risks to be understood. The amendment is not expected to have any impact on the Group's consolidated financial statements.

Recovery of Underlying Assets – Amendments to IAS 12 (issued in December 2010 and effective for annual periods beginning on or after 1 January 2012). The amendment introduced a rebuttable presumption that an investment property carried at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. SIC-21, Income Taxes – Recovery of Revalued Non-Depreciable Assets, which addresses similar issues involving non-depreciable assets measured using the revaluation model in IAS 16, Property, Plant and Equipment, was incorporated into IAS 12 after excluding from its scope investment properties measured at fair value. The Group does not expect the amendments to have any material effect on its consolidated financial statements.

6 New Accounting Pronouncements (Continued)

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – Amendments to IFRS 1 (issued in December 2010 and effective for annual periods beginning on or after 1 July 2011). The amendment regarding severe hyperinflation creates an additional exemption when an entity that has been subject to severe hyperinflation resumes presenting or presents for the first time, financial statements in accordance with IFRS. The exemption allows an entity to elect to measure certain assets and liabilities at fair value; and to use that fair value as the deemed cost in the opening IFRS statement of financial position.

The IASB has also amended IFRS 1 to eliminate references to fixed dates for one exception and one exemption, both dealing with financial assets and liabilities. The first change requires first-time adopters to apply the derecognition requirements of IFRS prospectively from the date of transition, rather than from 1 January 2004. The second amendment relates to financial assets or liabilities where the fair value is established through valuation techniques at initial recognition and allows the guidance to be applied prospectively from the date of transition to IFRS rather than from 25 October 2002 or 1 January 2004. This means that a first-time adopter may not need to determine the fair value of certain financial assets and liabilities at initial recognition for periods prior to the date of transition. IFRS 9 has also been amended to reflect these changes.

The Group has not early adopted the new standards or interpretations described above in its last annual financial statements that come into effect for the Group's accounting periods beginning on or after 1 January 2012 or later periods.

7 Cash and Cash Equivalents

In thousands of Russian Roubles	**31 March 2011 (Unaudited)**	**31 December 2010**
Cash on hand	14 850 745	19 639 061
Cash balances with the CBRF (other than mandatory reserve deposits)	23 133 923	24 349 214
Correspondent accounts and overnight placements with other banks		
- Russian Federation	5 716 211	5 743 136
- Other countries	37 841 858	23 681 028
Placements with other banks with original maturities of less than three months	19 429 124	1 308 642
Reverse securities sale and repurchase agreements with other banks with original maturities of less than three months	13 565 827	9 557 776
Total cash and cash equivalents	**114 537 688**	**84 278 857**

At 31 March 2011 cash equivalents in the amount of RR 13 565 827 thousand (31 December 2010: RR 9 557 776 thousand) are effectively collateralised by securities purchased under reverse securities sale and repurchase agreements with a fair value of RR 15 383 150 thousand (31 December 2010: RR 10 971 360 thousand). At 31 March 2011 included within correspondent accounts and overnight placements with other banks is a cash reserve facility placed under the terms of an asset backed securities program in the amount of RR 885 874 thousand (31 December 2010: RR 989 994 thousand).

Correspondent accounts, overnight placements and placements with other banks with original maturities of less than three months and deals with securities purchased under "reverse-repo agreements" with original maturities of less than three months represent balances with large and well-known foreign banks and top-rated Russian banks.

Currency, geographical and liquidity analysis of cash and cash equivalents are disclosed in Note 22. The information on related party balances is disclosed in Note 24.

8 Trading Securities

In thousands of Russian Roubles	**31 March 2011 (Unaudited)**	**31 December 2010**
Corporate bonds	26 841 719	31 233 102
Corporate eurobonds	10 655 696	11 537 792
Federal loan bonds (OFZ)	8 008 352	3 509 158
Bonds of the European Bank for Reconstruction and Development (EBRD)	4 398 959	4 400 238
Municipal bonds	3 425 471	2 542 342
Bonds of Central Bank of Russia	-	386 155
Total debt trading securities	**53 330 197**	**53 608 787**
Corporate shares	17 558	4 819
Total trading securities	**53 347 755**	**53 613 606**

Estimation of fair value of trading securities is based on their market quotations.

Trading securities are carried at fair value which also reflects any credit risk related write-downs. As trading securities are carried at fair value based on observable market data, the Group does not analyse or monitor impairment indicators separately on these securities.

The Bank is licensed by the Federal Commission on Securities Markets for trading in securities.

At 31 March 2011 and 31 December 2010 there were no renegotiated balances that would otherwise be past due. Trading debt securities are not collateralised.

As at 31 March 2011 and 31 December 2010 no debt trading securities are past due or impaired.

9 Other Securities at Fair Value Through Profit or Loss

In thousands of Russian Roubles	**31 March 2011 (Unaudited)**	**31 December 2010**
Corporate bonds	2 110 672	1 946 057
Municipal bonds	386 774	418 374
Federal loan bonds (OFZ)	224 292	237 044
Bonds of the European Bank for Reconstruction and Development (EBRD)	52 173	48 816
Mutual funds	41 918	45 450
Corporate eurobonds	5 858	4 286
Bonds of Central Bank of Russia	-	15 053 197
Total other debt securities at fair value through profit and loss	**2 821 687**	**17 753 224**
Corporate shares	746 912	651 874
Total other securities at fair value through profit or loss	**3 568 599**	**18 405 098**

The Group irrevocably designated the above securities, which are not part of its trading book, as at fair value through profit or loss. The securities meet the criteria for classification as at fair value through profit or loss because Asset and Liability Committee of the Group ("ALCO") assesses performance of the investments based on their fair values in accordance with a strategy documented in the business plan.

9 Other Securities at Fair Value Through Profit or Loss (Continued)

Securities designated at fair value through profit or loss are carried at fair value which also reflects any credit risk related write-downs. As the securities are carried at their fair value based on observable market data, the Group does not analyse or monitor impairment indicators.

Currency, geographical and liquidity analysis of other securities at fair value through profit or loss are disclosed in Note 22.

10 Investment Securities Available for Sale

In thousands of Russian Roubles	31 March 2011 (Unaudited)	31 December 2010
Corporate bonds	10 867 144	10 617 267
Corporate shares	457 923	469 305
Total investment securities available for sale	**11 325 067**	**11 086 572**

Due to the absence of an active market for the corporate bond included in the investment securities available for sale category and also due to the low level of trading activity with this particular bond, for the purposes of the estimation of the fair value of this instrument, Management implemented a valuation technique based on the yield-to-maturity of comparable benchmark instruments, currently actively quoted on the market.

Currency, geographical and liquidity analysis of investment securities available for sale are disclosed in Note 22.

11 Investment Securities Held to Maturity

In thousands of Russian Roubles	31 March 2011 (Unaudited)	31 December 2010
Corporate bonds	503 469	516 346
Total gross investment securities held to maturity	**503 469**	**516 346**
Less: Provision for impairment	(9 435)	(4 198)
Total investment securities held to maturity	**494 034**	**512 148**

Currency, geographical and liquidity analysis of investment securities held to maturity are disclosed in Note 22.

12 Due from Other Banks

In thousands of Russian Roubles	**31 March 2011 (Unaudited)**	**31 December 2010**
Short-term placements with other banks with original maturities of more than three months and less than one year	2 639 123	15 104 374
Long-term placements with other banks with original maturities of more than one year	6 224 636	6 620 339
Total due from other banks	**8 863 759**	**21 724 713**

As at 31 March 2011 and 31 December 2010 due from other banks are neither past due nor impaired.

Currency, geographical and liquidity analysis of due from other banks are disclosed in Note 22. The information on related party balances is disclosed in Note 24.

13 Loans and Advances to Customers

In thousands of Russian Roubles	**31 March 2011 (Unaudited)**	**31 December 2010**
Loans to corporate customers (Corporate loans)	224 730 073	225 007 721
Loans to individuals (Retail loans)	79 879 720	78 368 442
Loans to small and medium entities (SME loans)	5 153 869	5 159 529
Loans to state and municipal organisations (Public sector)	1 815 996	1 593 833
Finance lease receivables	295 815	324 406
Total gross loans and advances to customers	**311 875 473**	**310 453 931**
Less: Provision for loan impairment	(26 183 102)	(26 890 012)
Total loans and advances to customers	**285 692 371**	**283 563 919**

13 Loans and Advances to Customers (Continued)

Movements in the provision for loan impairment during three-month period ended 31 March 2011 are as follows:

In thousands of Russian Roubles	Corporate loans	Retail loans	SME loans	Public sector	Finance lease receivables	Total
Provision for loan impairment at 1 January 2011	**18 421 049**	**7 326 085**	**1 107 922**	**34 956**	**-**	**26 890 012**
Provision for impairment during the period	(648 036)	280 914	(26 802)	6 114	-	(387 810)
Provisions on disposed loans	(216 971)	(79 650)	(22 479)	-	-	(319 100)
Provision for loan impairment at 31 March 2011 (Unaudited)	**17 556 042**	**7 527 349**	**1 058 641**	**41 070**	**-**	**26 183 102**

Movements in the provision for loan impairment during three-month period ended 31 March 2010 are as follows:

In thousands of Russian Roubles	Corporate loans	Retail loans	SME loans	Public sector	Finance lease receivables	Total
Provision for loan impairment at 1 January 2010	**16 547 947**	**8 015 311**	**1 183 742**	**40 673**	**-**	**25 787 673**
Provision for impairment during the period	396 238	389 889	33 726	4 148	-	824 001
Provisions on disposed loans	-	(423 019)	(1 915)	-	-	(424 934)
Amounts written off during the period as uncollectible	(455 031)	(253)	(6 086)	-	-	(461 370)
Provision for loan impairment at 31 March 2010 (Unaudited)	**16 489 154**	**7 981 928**	**1 209 467**	**44 821**	**-**	**25 725 370**

Economic sector risk concentrations within the customer loan portfolio are as follows:

	31 March 2011 (Unaudited)		**31 December 2010**	
In thousand of Russian Roubles	**Amount**	**%**	**Amount**	**%**
Individuals	79 879 720	25.61%	78 368 443	25.25%
Manufacturing	74 608 534	23.92%	72 606 978	23.39%
Real estate	62 450 372	20.02%	68 563 645	22.08%
Trade	40 076 026	12.85%	38 317 199	12.34%
Mining	21 283 293	6.82%	19 910 072	6.41%
Transport, storage and communication	9 147 319	2.93%	11 155 323	3.59%
Electricity, gas and water supply	8 071 617	2.59%	7 231 124	2.33%
Financial Services	6 280 673	2.01%	4 120 375	1.33%
Hotels and restaurants	3 102 817	0.99%	3 030 062	0.98%
Agriculture, hunting and forestry	2 161 219	0.69%	2 286 444	0.74%
Cities and municipalities	1 786 760	0.57%	1 533 587	0.49%
Other	3 027 123	1.00%	3 330 679	1.07%
Total loans and advances to customers (before impairment provision)	**311 875 473**	**100.00%**	**310 453 931**	**100.00%**

13 Loans and Advances to Customers (Continued)

Currency, geographical and liquidity analysis of loans and advances to customers are disclosed in Note 22. The information on related party balances is disclosed in Note 24.

14 Derivatives and Other Financial Assets

In thousands of Russian Roubles	31 March 2011 (Unaudited)	31 December 2010
Fair value of interest rate based financial derivatives	3 607 011	3 626 608
Fair value of currency rate based financial derivatives	3 396 411	2 064 010
Plastic card receivables	330 914	631 733
Trade receivables	14 709	14 815
Total derivatives and other financial assets	**7 349 045**	**6 337 166**

Currency, geographical and liquidity analysis of derivatives and other financial assets are disclosed in Note 22. The information on related party balances is disclosed in Note 24.

15 Due to Other Banks

In thousands of Russian Roubles	31 March 2011 (Unaudited)	31 December 2010
Correspondent accounts and overnight placements of other banks	4 747 546	14 800 075
Short-term placements of other banks	397 149	4 910 050
Long-term placements of other banks	758 530	825 101
Total due to other banks	**5 903 225**	**20 535 226**

At 31 March 2011 included within correspondent accounts and overnight placements of other banks is a cash facility placed by the Parent Bank under the terms of cash reserve facility agreement and in relation to asset backed securities program.

Currency, geographical and liquidity analysis of due to other banks are disclosed in Note 22. The information on related party balances is disclosed in Note 24.

16 Customer Accounts

In thousands of Russian Roubles	31 March 2011 (Unaudited)	31 December 2010
State and public organisations		
- Current/settlement accounts	287 238	266 022
- Term deposits	70 111	5 818
Legal entities		
- Current/settlement accounts	82 522 999	68 785 155
- Term deposits	57 237 777	57 022 981
Individuals		
- Current/demand accounts	67 761 906	66 147 355
- Term deposits	100 116 563	94 516 827
Total customer accounts	**307 996 594**	**286 744 158**

At 31 March 2011 the Group had one customer (31 December 2010: no customer) with a balance above 10% of consolidated equity of the Group as at this date. The aggregated balance of this customer was RR 10 797 035 thousand (31 December 2010: n/a) or 3.51% (31 December 2010: n/a) of total customer accounts.

At 31 March 2011 included in customer accounts are deposits of RR 558 088 thousand (31 December 2010: RR 92 838 thousand) held as collateral for irrevocable commitments under import letters of credit. Refer to Note 23.

Currency, geographical and liquidity analysis of customer accounts are disclosed in Note 22. The information on related party balances is disclosed in Note 24.

17 Derivatives and Other Financial Liabilities

Derivatives and other financial liabilities comprise the following:

In thousands of Russian Roubles	31 March 2011 (Unaudited)	31 December 2010
Fair value of interest rate based financial derivatives	4 271 695	4 867 803
Fair value of currency rate based financial derivatives	1 819 255	724 141
Provision for credit related commitments	1 608 867	1 643 011
Plastic cards payables	456 292	242 886
Commission on credit related commitments	47 883	49 405
Trade payables	5 405	9 642
Settlements on conversion operations	4 229	48 810
Other	2 929	6 048
Total derivatives and other financial liabilities	**8 216 555**	**7 591 746**

Currency, geographical and liquidity analysis of derivatives and other financial liabilities are disclosed in Note 22. Information on related party transactions is presented in Note 24.

18 Interest Income and Expense

In thousands of Russian Roubles	Three-Month Period Ended 31 March 2011 (Unaudited)	Three-Month Period Ended 31 March 2010 (Unaudited)
Interest income		
Loans and advances to customers	6 859 180	6 288 431
Trading securities	902 104	765 830
Investment securities available for sale	332 877	332 877
Due from other banks	302 486	308 986
Interest income on impaired financial assets	122 623	136 700
Debt securities held to maturity	13 479	798
Other securities at fair value through profit and loss	1 949	2 098
Total interest income	**8 534 698**	**7 835 720**
Interest expense		
Term deposits of individuals	1 006 864	1 145 973
Term borrowings from the Parent Bank	525 867	592 187
Debt securities in issue	433 691	333 426
Term deposits of legal entities	365 879	409 108
Current/settlement accounts	141 351	107 947
Term borrowings from other financial institutions	99 009	22 405
Term placements of other banks	50 027	72 788
Correspondent accounts of other banks	2 218	1 189
Total interest expense	**2 624 906**	**2 685 023**
Net interest income	**5 909 792**	**5 150 697**

19 Fee and Commission Income and Expense

In thousands of Russian Roubles	**Three-Month Period Ended 31 March 2011 (Unaudited)**	**Three-Month Period Ended 31 March 2010 (Unaudited)**
Fee and commission income		
Commissions on operations with plastic cards	739 880	606 629
Commissions on settlement transactions	251 122	317 670
Commissions on documentary business and guarantees	206 034	185 211
Credit facility fee	200 432	113 695
Commissions on cash operations	185 330	145 852
Early and late repayment fees	124 540	109 121
Fiduciary activities	98 844	75 574
Insurance commission income	93 851	52 191
Commissions on export operations	79 767	75 821
Commissions on transfer payments	59 243	85 647
Commissions from investment banking	54 614	113 200
Commissions on transactions with securities	34 669	32 250
Commission income on foreign exchange operations	11 969	14 218
Other	96 834	82 182
Total fee and commission income	**2 237 129**	**2 009 261**
Fee and commission expense		
Commissions on operations with plastic cards	220 711	150 403
Commissions on settlement transactions	131 399	31 661
Commissions on transfer payments	68 850	34 974
Commissions on cash operations	51 734	56 625
Credit facility fee	22 050	8 759
Commissions on transactions with securities	16 475	15 149
Commissions on documentary business	4 393	4 191
Other	32 900	25 945
Total fee and commission expense	**548 512**	**327 707**
Net fee and commission income	**1 688 617**	**1 681 554**

20 Administrative and Other Operating Expenses

In thousands of Russian Roubles	**Three-Month Period Ended 31 March 2011 (Unaudited)**	**Three-Month Period Ended 31 March 2010 (Unaudited)**
Staff costs	2 428 952	2 091 097
Rent expenses	596 913	600 874
Depreciation of premises and equipment	362 723	344 962
Premises and equipment maintenance expenses	187 357	184 735
IT services	183 973	127 698
Professional services	167 732	77 337
Deposit insurance fee	156 775	136 741
Communication expenses	112 163	76 305
Advertising and marketing	100 117	52 635
Amortisation of intangible assets	99 916	106 465
Security expenses	65 713	124 568
Taxes other than on income	64 868	37 821
Other	197 159	169 840
Total administrative and other operating expenses	**4 724 361**	**4 131 078**

21 Segment Analysis

Operating Segments

The Supervisory Board monitors the results and is the chief operating decision maker (CODM). The Supervisory Board of the Bank consists of Management Board members of the Parent Bank. The Parent Bank is a holding company that controls the strategic and operating decisions of the Group. The Parent Bank monitors its business by geographic segment where the Group represents a separate segment "Russia". Therefore, the Group's format for reporting segment information is the geographical segment Russia. The Supervisory Board regularly meets at least on a quarterly basis. The Management Board informs the Supervisory Board in a timely and comprehensive manner about the issues relevant to the business development of the Group, including the Group's risk situation, risk management and that of Group entities. The Supervisory Board discusses with the Management Board the strategic orientation, makes respective decisions and monitors regularly the status of the strategy's implementation at regular intervals.

Measurement of operating segment profit or loss, assets and liabilities

The CODM reviews financial information prepared based on the Group reporting standards adjusted to meet the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

(i) Information comprises consolidated result of the Bank and Roof Russia S.A. (SPE of the Bank);

(ii) Certain classification differences exist between the information presented to CODM and consolidated condensed interim financial information.

21 Segment Analysis (Continued)

Segment information for the Russia (as a segment of the Group) is calculated and set out below:

In thousands of Russian Roubles	**31 March 2011 (Unaudited) Russia/Total**	**31 March 2010 (Unaudited) Russia/Total**
External revenues:		
Interest and similar income	8 824 162	9 073 044
Fee and commission income	2 637 885	2 274 256
Total revenue	**11 462 047**	**11 347 300**
Interest and similar expense	(3 403 917)	(4 235 237)
Fee and commission expense	(547 054)	(326 585)
Provision for loan impairment	710 635	(863 218)
Trading result	1 122 266	1 403 179
Valuation result from hedge accounting and other derivative instruments	(326 829)	(361 235)
Net income/ (loss) from investments	(5 019)	(10 101)
Depreciation and amortization	(461 353)	(449 989)
Other administrative expenses	(4 019 300)	(3 464 826)
Other operating (loss)/profit	(101 935)	(126 211)
Income taxes	(961 215)	(715 734)
Segment result	**3 468 326**	**2 197 343**

Based on domicile of the customers substantially all of the revenues are from Russian customers.

Major ratio calculations for the reportable segment of the Group for the three-months period ended 31 March 2011 and the year ended 31 December 2010 are set out below:

In thousands of Russian Roubles	**31 March 2011 (Unaudited) Russia/Total**	**31 December 2010 Russia/Total**
Total segment assets	**514 340 251**	**508 304 702**
Total segment liabilities	**424 987 871**	**422 396 384**
Capital expenditure	**504 758**	**2 494 395**
Cost/income ratio	53.98%	54.51%
Average equity	87 630 349	82 507 163
Return on equity before tax	20.29%	11.41%
Return on equity after tax	15.46%	8.83%

Capital expenditure represents additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets.

21 Segment Analysis (Continued)

Reconciliation of segment revenues, segment result and other material items is presented below.

In thousands of Russian Roubles	31 March 2011 (Unaudited) Russia/Total	31 March 2010 (Unaudited) Russia/Total
Total revenue for segment	**11 462 047**	**11 347 300**
Reclassification of interest income to trading result	(461 814)	(1 290 252)
Reclassification of commission income to trading result	(453 922)	(433 903)
Reclassification of provision for loan impairment to interest income and unwinding effect	125 278	158 814
Effect of the consolidation of the subsidiaries and other adjustments	100 238	63 022
Total revenue	**10 771 827**	**9 844 981**

Total revenue comprises interest and similar income and fee and commission income.

Reconciliation of reportable segment result is presented below.

In thousands of Russian Roubles	31 March 2011 (Unaudited) Russia/Total	31 March 2010 (Unaudited) Russia/Total
Total segment result	**3 468 326**	**2 197 343**
Additional income tax based on tax declaration submitted	(96 934)	13 862
Consolidation of subsidiaries and associate	29 329	24 564
Intercompany adjustments	(14 027)	(54 344)
Profit after tax	**3 386 694**	**2 181 425**

21 Segment Analysis (Continued)

Reconciliation of other material items of income or expenses for the period ended 31 March 2011 is as follows:

In thousands of Russian Roubles	**Total amount for reportable segment**	**Reclassifi-cations**	**Consolidation of the subsi-diaries and associate and other**	**As reported under IFRS**
Material income or expenses for the period ended 31 March 2011				
External revenues, including				
- Interest and similar income	8 824 162	(336 536)	47 072	8 534 698
- Fee and commission income	2 637 885	(453 922)	53 166	2 237 129
Interest and similar expense	(3 403 917)	857 752	(78 741)	(2 624 906)
Fee and commission expense	(547 054)	-	(1 458)	(548 512)
Provision for loan impairment including provisions for credit related commitments and gains on the sale of loans	710 635	(125 277)	-	585 358
Trading result	1 122 266	(17 301)	(20 365)	1 084 600
Valuation result from hedge accounting and other derivative instruments	(326 829)	(37 041)	140	(363 730)
Net income from investments	(5 019)	112 325	68 289	175 595
Depreciation and amortization	(461 353)	-	(1 286)	(462 639)
Other administrative expenses	(4 019 300)	-	(33 994)	(4 053 294)
Other operating (loss)/profit	(101 935)	-	(17 521)	(119 456)
Income taxes	(961 215)	-	(96 934)	(1 058 149)

Reconciliation of other material items of income or expenses for the period ended 31 March 2010 is as follows:

In thousands of Russian Roubles	**Total amount for reportable segment**	**Reclassifi-cations**	**Consolidation of the subsi-diaries and associate and other**	**As reported under IFRS**
Material income or expenses for the period ended 31 March 2010				
External revenues, including				
- Interest and similar income	9 073 044	(1 237 117)	(207)	7 835 720
- Fee and commission income	2 274 256	(328 224)	63 229	2 009 261
Interest and similar expense	(4 235 237)	1 540 025	10 189	(2 685 023)
Fee and commission expense	(326 585)	-	(1 122)	(327 707)
Provision for loan impairment	(863 218)	(158 814)	8 440	(1 013 592)
Trading result	1 403 179	106 013	(92 069)	1 417 123
Valuation result from hedge accounting and other derivative instruments	(361 235)	78 117	2 328	(280 790)
Net income from investments	(10 101)	-	29 807	19 706
Depreciation and amortization	(449 989)	-	(1 438)	(451 427)
Other administrative expenses	(3 464 826)	-	(44 985)	(3 509 811)
Other operating profit/loss	(126 211)	-	(3 952)	(130 163)
Income taxes	(715 734)	-	13 862	(701 872)

21 Segment Analysis (Continued)

Provision for loan impairment comprises of provision for impairment of loans and advances to customers, provision for credit related commitments and gains from the sale of loans.

Trading result, Net income from investments and valuation result from hedge accounting and other derivative instruments comprises gains less losses from trading securities, gains less losses from trading in foreign currencies, unrealised and realized gains less losses from derivative financial instruments and foreign exchange translation losses, net of gains, ineffectiveness from hedge accounting, gain from redemption of investment securities available for sale, gains less losses from other securities at fair value through profit or loss and provision for investment securities held to maturity.

The reconciling items are attributable to the following.

Reclassification in Interest and similar expense for three-month period ended 31 March 2011:

- reclassification of interest expenses from deposits which are the hedged items in Cash flow hedge from interest and similar expenses to trading result in the amount RR 14 116 (2010: RR 39 963 thousand);

- reclassification of computed refinancing cost of trading portfolio from trading result to interest and similar expenses in the amount RR 295 161 thousand (2010: 304 668 thousand); and

- reclassification of computed refinancing cost of other securities at fair value through profit or loss portfolio from gains less losses from other securities at fair value through profit or loss to interest and similar expenses in the amount RR 112 325 thousand (2010: 43 281 thousand); and

- reclassification of interest expenses from interest rate derivatives from interest and similar expenses to trading result in the amount of RR 1 251 123 thousand (2010: RR 1 848 011 thousand).

Reclassification in Provision for loan impairment movement for the reporting period of the gross up of the loans acquired in the course of the business combination for interest and similar income and for provision for loan impairment and unwinding effect to interest and similar income in the amount of RR 125 278 thousand (2010: RR 158 814 thousand).

Reclassification in trading result for three-month period ended 31 March 2011:

- the total amount of reclassification from Trading result to Interest and similar expenses is equal to the amount of RR 295 161 thousand (2010: RR 304 668 thousand);

- the total amount of reclassification to Trading result from Interest and similar expenses is equal to the amount of RR 1 251 123 thousand (2010: RR 1 848 011 thousand);

- reclassification of interest income from interest rate derivatives from interest and similar income to trading result in the amount of RR 1 358 512 thousand (2010: RR 2 054 867 thousand);

- reclassification of ineffective part from hedge accounting from valuation result from hedge accounting and other derivative instruments to trading result in the amount of RR plus 37 041 thousand RUB (2010: minus RR 78 117 thousand);

- reclassification of coupon income for trading securities from trading result to interest income in the amount of RR 898 174 thousand (2010: RR 765 830 thousand);

- reclassification of the result on clients' foreign exchange transactions from commission income to trading result in the amount of RR 413 550 thousand (2010: 433 903 thousand).

Major customers

The Group does not have any single customer, from which it earns revenue representing 10% of more of the total revenues.

22 Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks (credit, market, geographical, currency, liquidity and interest rate), operational risks and credit risk concentrations. The primary objectives of the financial risk management function are to identify and assess risks, establish risk limits, assume risk mitigation measures, ensure that all material risks are measured and limited, and that business in general is evaluated under a risk/return perspective. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks. Policies and processes for managing financial risks remain unchanged from those disclosed in last annual financial statements for the year ended 31 December 2010.

Market risk. Market risk is the risk of loss due to adverse changes in interest rates, exchange rates, equity prices, commodity prices and credit spreads which may affect the Group's equity, profit or the market value of its assets and liabilities. Market risk derives from on and off balance sheet positions in the Bank's treasury, investment banking and lending operations.

The Group's market risk management approach encompasses the recognition, measurement, monitoring and management of market risk that results from the Group's banking business on a group basis. The Group encounters market risk in both trading and non trading activities (including interest rate positions, balance sheet structures and hedging positions).

The Group's market risk management unit is in charge of identifying and assessing market risks and establishing procedures to control market risks, including monitoring position limits and exposures.

The Bank's market risk management unit also assesses market risk for new businesses and products, including structured products. The Treasury Directorate, which trades within trading limits recommended by the market risk management unit and approved by the ALCO / CC, performs trading and market positioning for the Bank. The Bank is subject to the policies and limits set by the Parent Bank and approved by the Parent Bank's market risk committee.

The Bank's market risk management unit is in charge of daily limit monitoring and weekly reporting to the Parent Bank, and is responsible for reporting any limited breach to the Parent Bank. In the case of a limit breach, the Parent Bank board member responsible for global treasury has the right to intervene in the Bank's risk management activities and practices.

The Bank uses an interest rate sensitivity analysis to assess interest rate risk for its banking portfolio, which consists of loans, deposits, interbank money market transactions, fixed-income held-to-maturity securities and interest rate derivatives and for its trading portfolio, which consists of fixed income trading securities. The Group creates an interest rate repricing gap for each portfolio by comparing the present market value of all future cash flows calculated taking the current market interest rate that the Bank uses for internal pricing, against the value of all future cash flows in the current market increased by one basis point.

The Bank uses set of position limits to prevent the concentration of certain financial instruments, including trading securities and open foreign exchange positions, as well as in the Bank's overall portfolio, in order to maintain the market value of the overall portfolio. The position limits are set for individual positions and for the overall portfolio and account for certain market conditions, including liquidity.

Currency risk. Currency risk results from fluctuations in the prevailing foreign currency exchange rates. The Group is exposed to foreign currency exchange risk on open positions (mainly USD/RR and EUR/RR exchange rate fluctuations).

Foreign exchange risk management is done centrally by the Treasury Directorate for the Bank's Head Office and all regional and Moscow branches.

The Bank's Treasury Directorate undertakes daily aggregation of the currency position of the Bank and takes measures for maintaining of the Bank's currency position on a minimum level. The Bank uses swaps, forwards and USD futures contracts tradable on MICEX and RTS as the main instruments for hedging risk.

22 Financial Risk Management (Continued)

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 March 2011:

In thousands of Russian Roubles	**Monetary financial assets**	**Monetary financial liabilities**	**Less fair value of currency derivatives**	**Currency derivatives**	**Net position including currency derivatives**
Russian Roubles	283 381 462	220 402 611	2 725 353	12 667 752	72 921 250
US Dollars	165 297 056	120 065 032	(757 937)	(50 324 298)	(4 334 337)
Euros	33 087 715	78 109 734	(374 273)	44 535 345	(112 401)
Other	5 452 877	911 694	(15 987)	(5 301 644)	(744 474)
Total	**487 219 110**	**419 489 071**	**1 577 155**	**1 577 155**	**67 730 039**

The Group's exposure to foreign currency exchange rate risk at 31 December 2010 is presented below:

In thousands of Russian Roubles	**Monetary financial assets**	**Monetary financial liabilities**	**Less fair value of currency derivatives**	**Currency derivatives**	**Net position including currency derivatives**
Russian Roubles	277 551 857	213 619 146	1 186 828	9 589 839	72 335 722
US Dollars	168 865 651	124 098 054	22 567	(52 969 469)	(8 224 439)
Euros	28 351 541	79 187 679	127 941	50 419 999	(544 080)
Other	6 641 992	990 892	2 533	(5 700 500)	(51 933)
Total	**481 411 041**	**417 895 771**	**1 339 869**	**1 339 869**	**63 515 270**

The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

22 Financial Risk Management (Continued)

Geographical risk concentrations. The geographical concentration of the Group's financial assets and liabilities at 31 March 2011 is set out below:

In thousands of Russian Roubles	**Russia**	**Austria**	**Other European Union**	**Other countries**	**Total**
Assets					
Cash and cash equivalents	64 666 674	43 426 706	1 315 894	5 128 414	114 537 688
Mandatory cash balances with the Central bank of the Russian Federation	3 263 185				3 263 185
Trading securities	48 944 271	-	4 398 959	4 525	53 347 755
Other securities at fair value through profit or loss	3 474 508	-	52 173	41 918	3 568 599
Due from other banks	2 884 571	5 706 718	-	272 470	8 863 759
Loans and advances to customers	264 396 578	1 549 022	10 142 859	9 603 912	285 692 371
Investment securities available for sale	10 867 144	-	-	457 923	11 325 067
Investment securities held-to-maturity	494 034	-	-	-	494 034
Derivatives and other financial assets	1 732 729	3 337 579	1 926 897	351 840	7 349 045
Total financial assets	**400 723 694**	**54 020 025**	**17 836 782**	**15 861 002**	**488 441 503**
Liabilities					
Due to other banks	1 055 862	1 774 924	1 992 947	1 079 492	5 903 225
Customer accounts	299 282 828	1 059 159	6 142 720	1 511 887	307 996 594
Term borrowings from the Parent Bank	-	77 019 455	-	-	77 019 455
Term borrowings from other financial institutions	384 869	1 449 560	1 076 882	1 732 845	4 644 156
Debt securities in issue	15 709 086	-	-	-	15 709 086
Derivatives and other financial liabilities	2 918 236	3 659 474	1 375 783	263 062	8 216 555
Total financial liabilities	**319 350 881**	**84 962 572**	**10 588 332**	**4 587 286**	**419 489 071**
Net balance sheet position	**81 372 813**	**(30 942 547)**	**7 248 450**	**11 273 716**	**68 952 432**
Credit related commitments (Note 23)	**118 294 453**	**1 356 953**	**2 911 365**	**137 986**	**122 700 757**

Assets, liabilities and credit related commitments have generally been based on the country in which the counterparty is located. Balances with Russian counterparties actually outstanding to/from off-shore companies of these Russian counterparties are allocated to the caption "Russia". Cash on hand and premises and equipment have been allocated based on the country in which they are physically held.

22 Financial Risk Management (Continued)

The geographical concentration of the Group's assets and liabilities at 31 December 2010 is set out below:

In thousands of Russian Roubles	**Russia**	**Austria**	**Other European Union**	**Other countries**	**Total**
Assets					
Cash and cash equivalents	60 594 432	16 489 458	3 006 510	4 188 457	84 278 857
Mandatory cash balances with the Central bank of the Russian Federation	2 698 403	-	-	-	2 698 403
Trading securities	49 208 549	-	4 405 057	-	53 613 606
Other securities at fair value through profit or loss	18 277 613	-	49 072	78 413	18 405 098
Due from other banks	3 132 553	18 317 877	-	274 283	21 724 713
Loans and advances to customers	258 791 201	1 649 029	12 302 821	10 820 868	283 563 919
Investment securities available for sale	10 617 267	-	-	469 305	11 086 572
Investment securities held-to-maturity	512 148	-	-	-	512 148
Derivatives and other financial assets	984 014	3 922 800	1 291 383	138 969	6 337 166
Total financial assets	**404 816 180**	**40 379 164**	**21 054 843**	**15 970 295**	**482 220 482**
Liabilities					
Due to other banks	15 579 330	1 923 389	1 842 874	1 189 633	20 535 226
Customer accounts	277 296 510	761 130	7 049 185	1 637 333	286 744 158
Term borrowings from the Parent Bank	-	81 169 487	-	-	81 169 487
Term borrowings from other financial institutions	827 623	1 140 484	1 683 439	2 007 359	5 658 905
Debt securities in issue	16 196 249	-	-	-	16 196 249
Derivatives and other financial liabilities	2 358 160	3 537 798	1 624 830	70 958	7 591 746
Total financial liabilities	**312 257 872**	**88 532 288**	**12 200 328**	**4 905 283**	**417 895 771**
Net balance sheet position	**92 558 308**	**(48 153 124)**	**8 854 515**	**11 065 012**	**64 324 711**
Credit related commitments (Note 23)	**112 118 240**	**6 297 829**	**2 577 621**	**2 191 386**	**123 185 076**

Credit risk concentrations. Management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to borrowers with aggregated loan balances in excess of 10% of net assets. The Group did not have any such significant risk concentrations at 31 March 2011 or 31 December 2010.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivative instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Asset and Liability Committee of the Group.

The Group seeks to maintain a stable funding base comprising primarily amounts due to other banks, corporate and retail customer deposits and invest the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios on a daily basis in accordance with the requirement of the CB RF.

22 Financial Risk Management (Continued)

The Bank monitors contractual maturities, which may be summarised as follows at 31 March 2011 and 31 December 2010:

In thousands of Russian Roubles	**Demand and less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**Over 5 years**	**Total**
At 31 March 2011					
Financial assets	238 342 463	82 977 531	133 826 518	33 294 991	488 441 503
Financial liabilities	241 953 654	107 838 177	67 716 510	1 980 730	419 489 071
Net liquidity gap based on contractual maturities	**(3 611 191)**	**(24 860 646)**	**66 110 008**	**31 314 261**	**68 952 432**
At 31 December 2010					
Financial assets	223 405 842	88 683 854	136 168 782	33 962 004	482 220 482
Financial liabilities	229 447 278	112 004 171	73 957 189	2 487 133	417 895 771
Net liquidity gap based on contractual maturities	**(6 041 436)**	**(23 320 317)**	**62 211 593**	**31 474 871**	**64 324 711**

The entire portfolio of trading securities is classified within demand and less than one month based on Management's assessment of the portfolio's realisability.

23 Contingencies and Commitments

***Legal proceedings*.** From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and internal professional advice Management is of the opinion that no material losses will be incurred in respect of current claims and accordingly no material provision has been made in this consolidated condensed interim financial information in respect of such claims.

Tax legislation. Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities.

The Russian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. In October 2006, the Supreme Arbitration Court issued guidance to lower courts on reviewing tax cases providing a systemic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of tax authorities' scrutiny.

As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years proceeding the year of review. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of all controllable transactions, provided that the transaction price differs from the market price by more than 20%.

Controllable transactions include transactions with interdependent parties, as determined under the Russian Tax Code, all cross-border transactions (irrespective whether performed between related or unrelated parties), transactions where the price applied by a taxpayer differs by more than 20% from the price applied in similar transactions by the same taxpayer within a short period of time, and barter transactions. There is no formal guidance as to how these rules should be applied in practice. In the past, the arbitration court practice with this respect has been contradictory.

23 Contingencies and Commitments (Continued)

Tax liabilities arising from intercompany transactions are determined using actual transaction prices. It is possible with the evolution of the interpretation of the transfer pricing rules in the Russian Federation and the changes in the approach of the Russian tax authorities, that such transfer prices could potentially be challenged in the future. Given the brief nature of the current Russian transfer pricing rules, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the entity.

The Group includes companies incorporated outside of Russia. Tax liabilities of the Group are determined on the assumptions that these companies are not subject to Russian profits tax because they do not have a permanent establishment in Russia. Russian tax laws do not provide detailed rules on taxation of foreign companies. It is possible that with the evolution of the interpretation of these rules and the changes in the approach of the Russian tax authorities, the non-taxable status of some or all of the foreign companies of the Group in Russia may be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the entity.

Russian tax legislation does not provide definitive guidance in certain areas. From time to time, the Group adopts interpretations of such uncertain areas that reduce the overall tax rate of the Group. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices; the impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the entity.

Operating lease commitments. Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

In thousands of Russian Roubles	**31 March 2011 (Unaudited)**	**31 December 2010**
Not later than 1 year	790 028	820 670
Later than 1 year and not later than 5 years	13 025	13 054
Total operating lease commitments	**803 053**	**833 724**

Compliance with covenants. The Group is subject to certain covenants related primarily to its other borrowed funds. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. The Group's Management believes that the Group is in compliance with covenants as at 31 March 2011.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

23 Contingencies and Commitments (Continued)

Outstanding credit related commitments are as follows:

In thousands of Russian Roubles	**31 March 2011 (Unaudited)**	**31 December 2010**
Irrevocable undrawn credit lines	60 866 383	67 592 123
Guarantees issued	39 504 240	32 203 710
Overdraft facilities	13 033 910	14 088 199
Import letters of credit	8 818 943	6 946 223
Export letters of credit	477 281	2 354 821
Credit related commitments before provision	**122 700 757**	**123 185 076**
Less: Provision for credit related commitments	(1 608 867)	(1 643 011)
Total credit related commitments	**121 091 890**	**121 542 065**

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. Fair value of guarantee contracts was RR 210 388 thousand at 31 March 2011 (31 December 2010: RR 305 441 thousand).

In thousands of Russian Roubles	**31 March 2011 (Unaudited)**	**31 December 2010**
Russian Roubles	80 183 320	76 596 516
US Dollars	33 882 298	37 807 781
Euro	8 619 510	8 763 326
Other	15 629	17 453
Total credit related commitments before provision	**122 700 757**	**123 185 076**

Assets pledged and restricted. Mandatory cash balances with the Bank of Russia in the amount of RR 3 263 185 thousand (31 December 2010: RR 2 698 403 thousand) represent mandatory reserve deposits, which are not available to finance the Group's day-to-day operations.

As at 31 March 2011 the estimated fair value of securities purchased under reverse sale and repurchase agreements (Note 7), which the Group has the right to sell or repledge in the absence of default of the counterparty was RR 15 383 150 thousand (31 December 2010: RR 10 971 360 thousand).

24 Related Party Transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 March 2011, the outstanding balances with related parties were as follows:

In thousands of Russian Roubles	**Parent bank**	**Subsidia-ries of the Parent Bank**	**Associate**	**Members of the Managing Board**	**Other related parties**
Corresponding accounts and overnight placements with other banks (contractual interest rate: 0.00 % - 0.99 % p.a.)	31 386 582	15 189	-	-	-
Placements with other banks with original maturities of less than three months (contractual interest rate: 0.10 % - 8.25 % p.a.)	12 029 124	-	-	-	-
Due from other banks (contractual interest rate: 0.00 % – 9.48 % p.a.)	6 598 496	261 978	-	-	-
Gross amount of loans and advances to customers (contractual interest rate: 0.00 % – 17.13 % p.a.)	-	1 546 814	1 856 726	52 516	-
Purchased intangible assets less accumulated depreciation	112 163	-	-	-	-
Derivatives and other financial assets	3 337 579	215	-	-	-
Investments in associate	-	-	1 069 591	-	-
Due to other banks (contractual interest rate: 1.25 % – 8.73% p.a.)	101 380	433 907	-	-	-
Customer accounts (contractual interest rate: 0.37 % – 3.72 % p.a.)	4 279	225 635	7 546 319	-	-
Term borrowings from the Parent Bank (contractual interest rate: 0.22 % – 6.25% p.a.)	77 019 455	-	-	-	-
Term borrowings from other financial institutions (contractual interest rate: 2.06 % p.a.)	-	-	-	-	1 836 354
Other liabilities	417 937	7	5 197	135 500	-
Derivatives and other financial liabilities	3 659 466	4 417	-	-	-

The income and expense items with related parties for the three-month period ended 31 March 2011 were as follows:

In thousands of Russian Roubles	**Parent bank**	**Subsidia-ries of the Parent Bank**	**Associate**	**Members of the Managing Board**	**Other related parties**
Interest income	63 949	10 945	27 867	1 931	72
Interest expense	(520 722)	(1 936)	(38 813)	-	(11 070)
Fee and commission income	3 522	1 507	1 103	-	6
Fee and commission expense	(32 020)	-	-	-	-
Gains less losses/(losses, net of gains) from trading in foreign currencies	3	-	236	-	-
Realized gains less losses from financial derivatives	72 081	(7 483)	271	-	-
Unrealized gains less losses from financial derivatives	(805 966)	(2 520)	-	-	-
Ineffectiveness from the hedge accounting	37 041	-	-	-	-
Administrative and other operating expenses	(134 712)	(2 977)	-	(43 506)	-
Other operating income	-	-	817	-	-
Share of profit of associate	-	-	11 267	-	-

24 Related Party Transactions (Continued)

At 31 March 2011, other rights and obligations with related parties were as follows:

In thousands of Russian Roubles	**Parent bank**	**Subsidiaries of the Parent Bank**	**Associate**	**Other related parties**
Guarantees issued by the Group at the period end	361 105	73 371	-	2 464
Guarantees received by the Group at the period end	1 072 208	215 516	-	63 269
Letters of credit issued by the Group at the period end	-	-	44 335	-
Stand-by facilities issued by Parent Bank at the period end	4 422 464	-	-	-
Undrawn credit lines and overdraft facilities	650 000	136 160	4 081 370	185 000
Interest rate swap agreements – notional amount as at the period end	101 482 656	-	-	-
Interest rate swap agreements – fair values as at the period end	(748 640)	-	-	-
Cross currency interest rate swap agreements – notional amount receivable as at the period end	6 480 912	-	-	-
Cross currency interest rate swap agreements – notional amount payable as at the period end	5 860 733	-	-	-
Cross currency interest rate swap agreements – fair values at the period end	546 569	-	-	-
Foreign currency derivative financial instruments – principal amount	59 615 705	544 637	-	-
Foreign currency derivative financial instruments – fair value	(119 816)	(4 202)	-	-

24 Related Party Transactions (Continued)

At 31 December 2010, the outstanding balances with related parties were as follows:

In thousands of Russian Roubles	**Parent bank**	**Subsidia-ries of the Parent Bank**	**Associate**	**Members of the Managing Board**	**Other related parties**
Corresponding accounts and overnight placements with other banks (contractual interest rate: 0.00 % – 0.00 % p.a.)	2 372 873	16 017	-	-	-
Placements with other banks with original maturities of less than three months	-	-	-	-	-
Due from other banks (contractual interest rate: 0.00 % – 8.25 % p.a.)	19 273 895	311 881	-	-	-
Gross amount of loans and advances to customers (contractual interest rate: 0.76 % – 17.13 % p.a.)	-	1 648 270	1 449 328	52 854	-
Purchased intangible assets less accumulated depreciation	86 425	-	-	-	-
Derivatives and other financial assets	3 922 800	360	2 450	-	-
Investments in associate	-	-	1 058 323	-	-
Due to other banks (contractual interest rate: 0.00 % – 8.73% p.a.)	153 700	1 036 834	-	-	54
Customer accounts (contractual interest rate: 0.00 % – 3.60 % p.a.)	4 399	186 768	7 246 293	-	-
Term borrowings from the Parent Bank (contractual interest rate: 0.22 % – 6.25% p.a.)	81 169 487	-	-	-	-
Term borrowings from other financial institutions (contractual interest rate: 2.05% p.a.)	-	-	-	-	1 968 107
Other liabilities	314 266	7	893	118 251	1 851
Derivatives and other financial liabilities	3 537 791	2 042	-	-	-

The income and expense items with related parties for the three-month period ended 31 March 2010 were as follows:

In thousands of Russian Roubles	**Parent bank**	**Subsidiaries of the Parent Bank**	**Associate**	**Members of the Managing Board**
Interest income	115 957	4 431	25 394	1 992
Interest expense	(593 875)	(1 246)	(35 898)	-
Fee and commission income	8 862	2 649	1 293	-
Fee and commission expense	(18 343)	-	-	-
Gains less losses/(losses, net of gains) from trading in foreign currencies	211 558	(956)	-	-
Realized gains less losses from financial derivatives	(133 797)	(1 176)	1 290	-
Unrealized gains less losses from financial derivatives	(874 683)	(987)	(1 216)	-
Ineffectiveness from the hedge accounting	(78 117)	-	-	-
Administrative and other operating expenses	(70 396)	-	-	(39 821)
Other operating income	1 324	-	733	
Share of profit of associate	-	-	9 826	-

24 Related Party Transactions (Continued)

At 31 December 2010, other rights and obligations with related parties were as follows:

In thousands of Russian Roubles	**Parent bank**	**Subsidiaries of the Parent Bank**	**Associate**	**Other related parties**
Guarantees issued by the Group at the year end	355 087	264 920	-	-
Guarantees received by the Group at the year end	1 271 853	418 828	-	61 162
Stand-by facilities issued by Parent Bank	4 456 808	-	-	-
Undrawn credit lines	-	146 457	4 802 365	-
Overdraft facilities	650 000	-	-	185 000
Interest rate swap agreements – notional amount as at the year end	99 936 700	-	-	-
Interest rate swap agreements - fair values as at the year end	(901 945)	-	-	-
Cross currency interest rate swap agreements - notional amount receivable as at the year end	4 157 228	-	-	-
Cross currency interest rate swap agreements – notional amount payable as at the year end	3 299 443	-	-	-
Cross currency interest rate swap agreements - fair values as at the year end	579 112	-	-	-
Foreign currency derivative financial instruments – principal amount	62 078 288	69 056	-	-
Foreign currency derivative financial instruments –fair value	707 842	(124)	-	-

The Bank’s immediate parent is Raiffeisen Bank International AG (2010: Raiffeisen International Bank-Holding AG). The Bank is ultimately controlled by Raiffeisen Zentralbank Osterreich AG (2010: Raiffeisen Zentralbank Osterreich AG).

Key management compensation is presented below:

In thousands of Russian Roubles	**31 March 2011 Expense**	**31 March 2011 Accrued liability**	**31 March 2010 Expense**	**31 December 2010 Accrued liability**
Short-term benefits:				
- Salaries	26 257	-	24 812	-
- Short-term bonuses	13 661	123 382	15 009	109 721
Share-based compensation:				
- Cash-settled share-based compensation	3 588	12 118	-	8 531
Total	**43 506**	**135 500**	**39 821**	**118 252**

Short-term bonuses fall due within twelve months after the end of the period in which Management rendered the related services.

25 Events after the Balance Sheet Date

On 26 April 2011 Supervisory Board of the Bank made a decision to recommend to the annual general meeting of shareholders to determine the amount of dividends for financial year ended 31 December 2010 in the amount RR 4 307 517 thousand.